

## **NEW PRODUCT ADVISORY No. 03-010**

### **A FULL SERVICE PLAN'S 2004 TRADITIONAL PLAN GROUP PRODUCT**

**ACTION:** Review Concluded August 21, 2003

Amendment proposing Group Agreement and Evidence of Coverage.

Filing Nos. 20034830; 20035976; 20036996; 20037002; and 20037022

Filed April 2, 2003 and amended on June 13, 2003; August 19, 2003; and August 22, 2003

#### **SUMMARY**

A particular Plan filed its 2004 commercial Group Agreement and Evidence of Coverage ("EOC") to market to large and small employer groups statewide. The Department identified deficiencies in portions of the EOC, including eligibility, termination for nonpayment of premiums or other charges, and disclosures regarding access to continuation coverage through the Health Insurance Portability and Accountability Act of 1996 ("HIPAA").\* The particular Plan resolved these deficiencies as set forth below.

#### **LIVE OR WORK ELIGIBILITY**

The particular Plan initially proposed to limit eligibility to individuals who reside within the Plan's service area. The particular Plan corrected this deficiency by revising the EOC to clearly disclose that subscribers and dependents who either work or live in the Plan's service are eligible to enroll in the Plan.

#### **BASIS OF ACTION**

Sections 1357.03(c)(4) and 1363 and Rules 1300.67.2 and 1300.51(d)(H)

#### **TERMINATION FOR NONPAYMENT OF PREMIUMS OR OTHER CHARGES**

The Department objected to the EOC's initial language which allowed for retroactive termination of coverage for nonpayment of premiums or other charges rather than providing at least fifteen days advance written notice prior to termination. The particular Plan corrected this deficiency by revising the EOC to clearly disclose that the Plan will provide written notice of termination at least fifteen days before canceling coverage for nonpayment of premiums or any other charges.

#### **BASIS OF ACTION**

Sections 1363 and 1365(a)(1) and Rule 1300.65(b)

## **HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996 DISCLOSURE**

The EOC initially failed to provide notice to members who lose group coverage of their rights to purchase coverage under HIPAA after exhausting their benefits under COBRA or Cal COBRA. The particular Plan corrected this deficiency by revising the EOC to inform members of their guaranteed access to coverage through HIPAA from any plan offering individual coverage and listing the eligibility requirements for HIPAA coverage.

### **BASIS OF ACTION**

Section 1366.35(i)

Based on the particular Plan's revisions to the proposed group contract, the Plan was permitted to implement the proposed product, subject to any future review and revision that may be necessary.

**\* Additional deficiencies identified in the above-referenced filing, similar to deficiencies identified in other filings by this plan, and their resolution, are presented in NPA Nos. 03-011 and 03-012.**